

**Operator:**

Good afternoon, ladies and gentlemen, and thank you for holding. Welcome to the Braskem's Conference Call to discuss the results of the 2Q. Today, we have with us Mr. Roberto Simões, the Company's CEO; Pedro Freitas, the CFO; and Rosana Avolio, the Investor Relations Director.

We would like to inform you that this event is being recorded, and during the presentation, all participants will be in the listen-only mode. Ensuing this, we will begin the question-and-answer session when further instructions will be given. Should any participant require assistance during this call, please press \*0 to reach the operator.

Both, the audio and slide show for the presentation are being broadcast simultaneously via webcast and can be accessed through the website [www.braskem-ri.com.br](http://www.braskem-ri.com.br).

Please bear in mind that forward-looking statements that may be made during this conference call regarding to the Company's business prospects, operating and financial projections are based on beliefs and assumptions of the Company management as well as on information currently available to the Company. These forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions as they refer to future events and depend on circumstances that may or may not occur. General economic conditions, industry conditions and other operating factors may affect the Company's future results and the lead to results that differ materially from those expressed in the forward-looking statements.

I would now like to turn the conference over to Rosana Avolio, Investor Relations Director. You may proceed, ma'am.

**Rosana Avolio:**

Good afternoon, ladies and gentlemen, and thank you for participating in Braskem's earnings conference call. Today, we will present the results of the 2Q21.

Let's go on to the slide number 3, where we will speak about the petrochemical scenario in the quarter. In the 2Q21, petrochemical spreads continued to improve; this phenomenon is mainly explained by a healthy global demand in the period and supply constraints in the United States, following the Uri Winter Storm in the country's Gulf Coast.

In the 2Q21, the Company had recurring result of R\$1.8 billion, 198% higher than in the 1Q21, representing further R\$12.69 for common shares and Class A shares. For the entire year until for the end of the quarter 2021, Braskem had a net profit of R\$9.9 billion. I would like to highlight that in December 2020 the Company had accrued losses at R\$12.5 billion at the end of July 2021, the Company reversed a bit toward creating profit at R\$5.4 billion.

We go on to the next slide. Slide number 6 shows you the highlights of the Brazilian operation. In the 2Q, the utilization rate of crackers in Brazil was 76%, down 6 p.p. vis-à-vis the 1Q21. This lower utilization rate is explained by the scheduled general maintenance at the ABC petrochemical Complex in São Paulo. And the Brazilian demand decreased in relation to the 1Q21 due to the normalization of demand in the region but still on healthy level.

On the other hand, exports improved during the quarter. The recurring operating results of Brazil was up around R\$1.1 billion, results 20% above the 1Q21.



We go on to the next slide to speak about the latest development for the tax regime for the chemical industries. The special tax regime known as REIQ was introduced for the competitiveness of Brazil's chemical industry by reducing the fees, co-fees, tax rate, leverage on base petrochemical feedstock.

In March of this year, the Brazil government proposed to churn in REIQ through a provisional measure. After certain modifications, both in Brazil, in June it was passed by the federal government and this was sanctioned by the federal government and converted into Federal Law 14183. The law provides special reduction of the waiting for years and to have a special regime in solid terminated in January of 2025.

We will speak about the geological events in our Alagoas. The chart on the left provides sufficient balance related to the geological event in our Alagoas at the end of the 2Q. The balance registered was R\$7.7 billion and during the quarter Braskem reversed provisions in the amount of R\$72 million.

The graph on the right presents the disbursement schedule of the total balance of provision of R\$7.7 billion, 58% recorded under current liabilities, and 32% under non-current liabilities. The Company cannot predict with certainty the future developments in respect to this matter or its related expenses and the costs incurred may be different than both currently estimated and provisioned.

Speaking about the geological events at Alagoas; we updated by the new allocation coal plants. Braskem continues to offer financial compensation to the families living in the risk area, and the number of families were located was 13,807, which means 96% of families in the risk areas are then relocated, reenforcing the Company's non-negotiable commitment to allow families to live in safe areas.

The number of financial compensation increased by 50%, but then acceptance rate of the proposals submitted remaining of high levels. Regarding the payments made under this program, about R\$1.2 billion have been disbursed until the end at the 2Q. Now these amounts were considered since the beginning of the program.

Please move on to slide number 10, where we present the main highlights of the United States and European operations. Since Q1 the capacity utilization rate rose by 20 percentage points. In Europe, the utilization rate increased vis-à-vis the previous quarter due to the rebuilding of inventories and leaving the demand in the region in the United States as their sales volume in the quarter grew by 14% compared to the prior quarter, setting a new quarterly record. It reinforces our leadership in the U.S. polypropylene market. The segments recording operating results in the 2Q was US\$492 million, 56% higher vis-à-vis the previous quarter.

In the next slide, we will speak about the highlights of the Mexican operation. In Mexico, the capacity utilization rate stood at 58% in line with the prior quarter, reflecting the higher supply of ethene by PEMEX in June, which was partially offset by the unscheduled shutdown due to isolated instability and power supply to Braskem Idesa. The sales volume for the quarter was 155,000 tons, a growth of 50% when compared to the 1Q. The segment's recurring operating results in the 2Q was US\$200 million, a growth of 113% when compared to the prior quarter.

We go on to the next slide to speak about the Company's cash generation. In the quarter, the Braskem recorded positive operating cash generation of around R\$1.5 billion. The main positive impacts were the strong recurring operating result and the monetization of fiscal fixed tax credits in the quarter. These positive impacts were partially offset by the negative variation in working capital and higher income tax paid.



We go on to slide 13 to speak about the Company's progress in reducing the gross debt level. Given its robust cash position and strong cash generation, the Company concluded several liability management operations in the 2Q totaling US\$643 million further reduction. In the first half of the year, Braskem reduced its gross debt by approximately 16%, which represents an amount of US\$1.3 billion.

Additionally Braskem also concluded in July of this year additional operations to reduce its gross debt of around US\$355 million additional. As a result, the total reduction during the year has obtained US\$1.7 billion. By the end of June, Braskem continued to maintain a very long debt maturity profile and strong liquidity position with a maturity concentrated in the long-term. The average debt term was around US\$14 million.

The current liquidity position is sufficient to cover the payment of all our virtual maturing over the next 78 months. It is important to highlight that in May of 2021, the risk rating entity Fitch Rating upgraded Braskem's outlook to BB+ which reflects the Company's permanent commitment to maintaining a liquidity position, and cost discipline and reducing it's leverage ratio.

Now let's go to slide 15 in which we will talk about corporate market. With the objective of being reassigned as an investment grade company, Braskem continued to report corporate leverage reflecting it's solid credit matrix, with leverage ratio is down 30; and in the quarter a 1.1 times businesses around of six times in the last 12 months.

We would like to highlight that the lowest leverage ratio presented by the history and the relevant achievements for the Company's credit matrix. Braskem reiterates that it maintains the rules of cash position and rebound debt maturity profile and is committed to an efficient capital allocation and cost discipline to be reassigned an investment grade company.

Let's go to the next slide now. Important to highlight on this slide that of the main factors analyzed by the rating agencies, the company has delivered important progress. Regarding corporate leverage, Braskem continues to reduce it's leverage ratio, which in the 2Q reached its lowest level ever seen. In terms of making the strong liquidity position. Braskem ended the quarter with robust cash position of US\$2.3 billion; this is above the minimum established in the financial policies.

Braskem also continues to deliver consistent cash generation through the cycle, presenting a free cash flow of R\$ 2.1 billion in the first quarter and R\$ 1.6 billion in the second quarter. It is important to note that braskem remains committed to disciplined capital allocation and to a solid financial position to support its return to be reassigned as an investment-grade credit company.

Moving to the next slide, we will talk about the transform for value program, which aims to coordinate, accelerate and give focus to the company's main improvement initiatives.

The transform for value program continued to make progress in mapping new opportunities and in implementing the initiatives already mapped. Currently, in addition to the recurring annual gains of US\$147 million in stages 4 and 5, Braskem envisages a set of improvement initiatives in stages 1, 2 and 3 that could generate recurring annual gains of US\$293 million bringing the total to around US\$440 million per year by 2023. Please note that the company's previous estimate called for recurring annual gains of around us\$ 340 million per year by 2023, but a new set of initiatives effectively increased the pipeline's potential.

Going now to slide 18, let's take a look at Braskem's ESG highlights.



Regarding to the advances in the sustainability strategy launched during our first ESG day, highlights for the investment of R\$150,000 in a recycling island to be installed at the Triunfo petrochemical complex.

This investment is directly related to Braskem's commitment to expand its portfolio of thermoplastic resins and chemical products with recycled content by 2025 and 2030.

Moving to the next slide, please. In the social dimension, Braskem was recognized, for second straight time, with the bronze award in the wep awards. An initiative recognized by the United Nations, the women's empowerment principles awards recognize the efforts of companies that promote a culture of gender equality and women empowerment in Brazil. The recognition is the result of the efforts that Braskem has been making through its diversity, equality & inclusion program, whose support has helped Braskem to reach, in 2020, the mark of 30% women in leadership positions.

Moving to the next slide. In the economic dimension, Braskem achieved important advances in its compliance and governance practices. In the second quarter, Braskem was certified by iso 37001, an international standard that establishes rules and guidelines for anti-bribery management systems, further reinforcing its commitment to always acting ethically, with integrity and transparency, in all its actions and to help improve general compliance and governance practices.

Furthermore, at General Meeting held in July, Braskem approved the transformation of the Compliance Committee into a Statutory Compliance and Audit Committee, which will be formed by five independent members, with two external members to be appointed based on a list selected by an executive recruiting company.

Moving to the next slide. Here, we want to reinforce that Braskem's operational strategy is based on the key pillar of innovation. Braskem has a broad portfolio of innovation and technology projects, with 120 projects in the pipeline as of end-June, which combined represent US\$2.4 billion in net present value. And of the projects, 76% have presented positive environmental impacts.

Also, as of March this year, new resin grades have made a significant contribution to the company's results that corresponded to 15% of sales volume and 16% of the contribution margin of these products.

Let's move on to the next slide, where we'll comment about the petrochemical scenario in 2021 and 2022. Based on the various forecasts disclosed by the independent consulting firms, PE and PVC spreads are expected to remain at the same level over the whole year of 2021 and 2022. The highlight is PE spread which is expected to remain at levels above the upcycle of the petrochemical industry.

Let's turn to slide 23, where we'll comment on the scenario for polypropylene. Similar to the expectations for PE and PVC that you saw on the previous slide, external consultancies are projecting healthy PP spreads for 2021 and 2022, especially in the United States, for which forecasts are calling for spreads to widen in the third quarter of this year.

Moving on, the next slide presents our outlook for the short term. For Brazil, is expected higher ethylene production and a normalization of operations at the cracker in ABC, São Paulo. In terms of sales volume, an increase in total sales volume is expected with the maintenance of the prioritization strategy for serving the Brazilian and South American markets. Pe-Naphtha spreads should remain at levels above the industry's upcycle, in contrast to spreads for PP and PVC, which are expected to narrow in the period.



In the United States, the outlook for PP production and sales is to remain stable in relation to the second quarter. PP-Propylene spreads in the country should remain at healthy levels, mainly due to the continued robust demand for PP in the region.

In Mexico, the capacity utilization rate of PE production should rise on expectations of higher ethane imports from the United States. PE sales volume also should increase, due to higher product supply. Spreads in Mexico should remain at healthy levels, in line with the previous quarter.

Moving to the next slide, please. In this slide we can note that Braskem remains as an interesting investment opportunity in the global petrochemical sector. Although Braskem has achieved important advances over recent periods, its multiple remains discounted compared to its peers. We would like to highlight that braskem is a global company with characteristics similar to its peers in the United States, with a well-diversified feedstock profile, leadership positions in its markets, among other competitive advantages.

Moving to slide 26, to conclude today's presentation. On this slide, we recap the Company's main priorities for 2021. The two main priorities are concluding the processes related to the geological event in Alagoas and reaching a permanent solution for ensuring reliable ethane supply to Braskem Idesa. And we continue to make important advances towards resolving both these issues.

Braskem also remains highly committed to its financial health and to the efficient allocation of capital with the objective to be reassigned as an investment grade company. Another priority is strengthening Braskem's public image and reputation.

On the innovation and digital transformation front, Braskem's priorities are improving the effectiveness of its innovation actions and accelerating its digital transformation. And last but not least, Braskem continues to make progress in implementing its ESG commitments with the goal of becoming an industry reference in ESG.

Lastly, we want to reinforce that safety are and will always be a key focus of Braskem's operations, as a perpetual and nonnegotiable value of our strategy.

That concludes today's presentation of Braskem results for the 2Q. Thank you, everyone for your attention. Let's go to the Q&A session.

**Ricardo Rezende, JPMorgan:**

Good afternoon. The first question refers to your capital allocation. As you showed in the presentation and referring to your cash, it seems to have a very good outlook. You have a cumulative profit which is quite high. Therefore the natural question that emergent, is what we should expect in terms of dividends for the second semester, which is the discussion regarding this.

The second question, you referred to the United States. And situation the that is happening there, there was an isolated event. If you have any plan and how are you going to work with the other market in reference to the United States and what are you going to do in terms of arbitrage?

**Pedro Freitas:**

Good afternoon, Ricardo. Thank you very much for your questions, actually when it comes to capital allocation as you mentioned, of course, it is necessary to think about higher dividends and continue on with our leverage policy. Now, we have made a decision that states that the payment will be below 2.5%. This will enable us to think



about dividends so it will be above the minimum rate and at present, we are 1.1 which ensure it is very low, it is perhaps the lowest in our historical trend.

Therefore, it is natural to pay out dividend, something that we have been doing. And I believe that it would be reasonable, if the scenario continues on as it is, to once again we revise this issue. We have as yet not made a decision. Once again, this is something that we are discussing. And once we come to an opinion, we will disseminate it.

Regarding the price of PP, this mismatch comes about for a certain reason. The market there is somewhat weak because of some issues related to the pandemic and to other issues in Asia, for example, we have a greater availability of PP and what we are lacking are containers to extract this from the area.

And in the United States, we have the situation where the market is quite balanced and the prices of course were reflective situation. We based ourselves on market prices, of course, the market is in a situation where the prices have increased and we are as far as taking the most, the advances that had been higher margins in the United States.

The market has become regionalized in terms of prices. Brazil once again is still where it was, but the United States and others have taken off, they have become attached than the market prices. So we see a scenario that while at last will be quite positive. And I do believe that it will in June until at least the end of the year, if there is a recovery in this, perhaps the price will increase. It depends a great deal around the supply and demand dynamic and it all will depend a great deal on the logistics outflow that will happen in North America. Now you have come up with a provocation of we shall look for markets more connected to the United States.

Now, what we have ourselves are sales from Brazil to Mexico, the exports from Brazil to other regions and this has been included in our sales and operation methods. We include all of the possible regions, and we are revising to see where our exports will go.

The great priority, of course, is the domestic market. But regardless of those in Mexico, which is a reference with the United States, we have no PP contracts in Mexico. We have assessed all the possible opportunities. Once again, it's a supply and demand dynamics that has become regionalized and of course we have to focus on the supply part and we do believe that this will continue to exist for some time and when it returns, literally do not know what will happen.

**Ricardo Rezende:**

Thank you very much, Pedro. Thank you for the response.

**Guilherme Levy, Morgan Stanley:**

Good afternoon, and congratulations for your quarterly results. I have two questions, the first referring to cash generation. At the beginning of the year, we had a significant working capital and good cash generation. I would like to better understand what is happening with your consumption of working capital during the year? Do you still have very high spreads and I think that they have reached a peak during this semester.

My second question, I would like to better understand what is it that motivated that very timely shut down in Mexico? And what is happening with that instability in terms of electrical energy and when we will have a resumption of two production there?

**Pedro Freitas:**



Thank you, Guilherme for your questions. When it comes to cash generation, as you mentioned, we have had important investments in working capital during this quarter. And of course, this is a fact and Rosana alluded to this in the presentation. As we have published several times, we have feedstock management policy and the feedstock that we import, we are able to obtain in the market with terms of up to 160 days. Historically, therefore, we are not making the most of this length in terms of payment that our suppliers have offered us.

What happened is that we are in this situation of a very strong cash generation, perhaps a cash surplus. We have paid down several debts to create our exposure but evidently, if you pay cash, you will obtain a discount. Therefore, we took the decision to look for side payments. There was no need to lengthen the payments and we decided not to lengthen payment to suppliers, we had reduced the payment term and this had a one-off impact on our working capital.

The second point that was relevant and perhaps the most relevant of three points is the second and it refers to the price of resins and feedstock of raw material when we carry out our procurement, when we make up our feedstocks is the price increases is what demand greater working capital. In the third place, we had a refurbishment of stocks. As you will recall last year, we had a great deal of sales and the sales have been strong this year as well as last year.

I will refer to Brazil, we sold more than 1,600 tons per quarter, and in the 2Q we sold 1.5 million tons. When we look at this curve, we decreased our sales somewhat and we were able to restore some of our inventories that were somewhat below their normal levels. This is another figure that is included in this calculation.

And of course, there could be the possibility about of absorbing all of this working capital for our operating cash to avoid any sort of indebtedness, and of course, this is very important, it would be a good sign of Braskem's sound financial position.

With respect to Mexico, what happened were fluctuations in the frequency of the national electricity grid in Mexico. This caused our complex industrial automation emergency system to fail. And we had to stop for lack of electricity. The automation system triggered the shutdown of the plant. And with that, the emergency stops always have an impact, we had to do some maintenance that ended up causing a loss of position in the month, I don't remember if it was May or June, of 15,000 tons of production.

Since June, we have been running again with stability, with no reduction in production due to this event. We continue with the raw material restriction, but this event does not. This was an event in May, I have confirmation here. It was a one-off event, it had an impact of 15,000 tons of production that we lost, but which has already been recovered.

**Guilherme Levy:**

Thank you very much.

**Pedro Soares, BTG Pactual:**

Good afternoon. A follow-up on dividends and capital allocations. I would like to see a number of points. Pedro, you have mentioned that you would pay something above the minimum, it would be leveraged before 2x, 2.5x; but your spreads should come back to normal, and this is something that you mentioned, and that the leverage would increase. I would like to understand that, in addition to your leverage target, is there an optimum level of gross debt in the long run? What are your priorities between paying out dividends and paying out taxes? Some type of breakeven point here?

**Pedro Freitas:**

Well, this is a good question, Pedro, because we can discuss our financial strategy and how we see our corporate leverage. If you have seen our history; our net debt is between US\$5 billion and US\$6 billion. We have been growing the Delta project. We are providing a results for the 89% of occupation rate; so our margins are very high in the U.S. and very attractive.

Now, we could even explore the higher net debt, and we have that exchange between US\$5 billion and US\$6 billion, and it is used to this level. And our policy in the management is highly conservative; I would say that gross debt up to US\$7.5 billion, give or take, would be something reasonable.

And I believe that we can coexist with this with no problem. You will see that there were moments where we exceed in US\$8 billion; but if you see our history US\$7 billion, US\$7.5 billion is, okay, and we can coexist with this level.

Now, we ended the quarter with a gross debt of US\$6.8 billion; so it is below the level that I consider reasonable. We paid out US\$350 million in debt, and in July, after we paid things that we have a cash position that it's slightly above the optimum point for that scheme. So when do you see US\$200 million to US\$300 million of surplus of cash, and the increase of our leverage about US\$1 billion.

I think this is an excellent structure of capital and this optimizes our equity. So, we do dividends on one side and we want to pay out our shareholders because from three years they have not received dividends, and it is time that they receive their dividends. And the optimum capital structure, so we are not under leveraged, so you can see that there is space here. There is a lot we can do here.

**Luiz Carvalho, UBS:**

Thank you and congratulations for your results. Two questions. Number one, after seeing your presentation, slide 25 drew my attention, and you showed that Braskem continues being a very important asset in terms of investments, and you showed its multiple remains discounted compared to its peers. Is there something the management could do to unlock the value perception? And is there something in the sales process; do you think that Braskem would be sold as a whole or separately? What could you tell us in terms of value perception?

My second question, and you discussed this in other opportunities, there is a private investor; is this something that could be done jointly? Are there any potential opportunities or synergies to carry out joint businesses that could give you some type of additional return?

**Pedro Freitas:**

Good afternoon. It's good to talk to you, and thank you for your question. Regarding the peers discount, we can just see the figures and the figures shows that there is a discount. In the past, this discount was lower than that. 10 years ago, Braskem was at a discount that was 10%. And Braskem as a company in that moment was a 100% an Brazilian Company, 100% Naphtha based and we diversified. We went after other results sources with other logical, with an international exposure, with exposure to other types of feedstock.



So our growth in the past years, in my view, should have diminished discounts, and the discount today is 40%. So we believe that this discount is not reasonable. I believe that the market caught up during the 1Q, in the beginning of the year there was a higher discounting of over 5x the EBITDA, now we are at 3x. What happened was the peers multiple dropped, so we continue believing that discount is not justified.

We follow a solid logic, and we are strongly inserted in the petrochemical industries. We do know that the petrochemical business will never have multiples like startups of 20x or 30x because this is a highly cyclic business that has it in some dimension. When we see our figures and we compare it to our history, this does not make sense.

And perhaps, you know better than I do, there is an perception of the investor. There was a rally of 150% during the 1Q. Is this still going to go up? So perhaps this is what is happening.

We are trying to see why it happened, this distorted value perception; and we want to show the market that we are a modern company. We have the best petrochemical producer in the world in terms of safety, we are the best in the world with a great potential of growth.

In recycling, we are thinking about the future with recycling, we think that is an important platform. It is challenging, it is something that provides growth, and we are positioning ourselves properly. And also, renewables, we have a unique platform, nobody has what we have and the potential of growth is overwhelming. We have to show the market that we have all the reasons for not having the discounts.

Regarding RLAM, we know a great part of the team that is assuming RLAM. Many of them used to work here in the past. These are people who are very competent, and we are waiting for the right moment to talk to them.

We believe that it still not the moment to embark in this compensation. But when we find the right moment, we will sit and talk to them in trying to find synergies. We have some ideas. But of course, we want to listen to their ideas, and there is a great potential in the Northeastern areas.

**Luiz Carvalho:**

Thank you. Thank you very much for your response.

**Barbara Halberstadt, JPMorgan:**

Good afternoon, and thank you for taking my questions. I know that you have a goal for the final amount, so that you can reduce your leverage. Thank you.

**Pedro Freitas:**

Hello, Barbara. To be very frank, we do not have a goal for gross debt. We do have an in-house goal for the net debt, but of course, this is not made public, it is simply referenced to help us in our financial management.

We have communication with the market when it comes to dividends, because this is very important and our take you to leverage all dollar-wise terms, the figures, that we gave you are simply a benchmark for you to think about what a comfortable level for us would be, a comfortable limits for us.

**Barbara Halberstadt:**



Thank you very much.

**Ben Isaacson, Scotiabank (via webcast):**

Strategically, are you interested in investing more in the regional diversification, or are there some chemicals where you would like to have a greater exposure to?

**Pedro Freitas:**

Ben, thank you for the question. The regional diversification has been an important part of Braskem's strategy. We have invested considerably outside of Brazil, the last green field projects were in Mexico, the new PP plant in the U.S. These are our largest investments abroad.

We have also invested in Brazil doing that period in PVC in Bahia, and we are currently undergoing an expansion in the South of Brazil. We have balanced our investments both in Brazil and outside, but the magnitude of investments in Brazil was much greater than abroad just because of our diversification logic.

We are interested in continuing to follow-up on the Asian market. We have a good platform in the Americas, significant operation in Europe, a sales operation that is greater than the industrial one and concentrated mainly in Holland and Germany, but extending throughout Europe as a whole.

And what we have that is proportionally smaller is Asia. We have an office in Singapore and other in India, but we have our eye on Asia, and we consider a new potential source of investment.

If we think of the renewable products, Asia is very important for that, and because of this We are thinking of both these avenues for growth, our growth in renewables, mainly Green PE, and also other lines. Asia is very important when it comes to this product. and along with this, a regional diversification based on products that we already have, but where we can foresee a significant growth potential.

Especially in Asia, when we speak about other products we are always assessing new products that come about an acquisition, something novel, the new in-house processes of technology and innovation are mainly focused on renewables. We are speaking of new products and this is the type of development, but we are seeking. But we are open to partnerships in the regions where we already operate South America and we are open to different products. It will depend on different opportunities.

The strategy is not to diversify just to diversify we want to value what we have made, but we will be looking at what is available. If you look at the more obvious projects like expand the Mexico capacity plant, the pre-salt in Brazil and in the growth in the United States, this is what is of interest to us. We foresee great growth in new products that will be very much linked to renewables.

**Barbara Halberstadt, JPMorgan:**

If you allow me a follow-up, please, your sale of assets on the controlling company, which is the vision that the Company has in terms of this sale of assets. If there is any asset that presently would not be deemed strategic, could that up for sale? If you could give us more color on this, please.

**Pedro Freitas:**



Barbara, thank you once again for another question. I'm going to put that question on the context of what we observed last year. In the 2h20, we were at 7.1. And as you know, we were working with all the possible opportunities to reduce our leverage, and we included the sale of assets on these possibilities.

Now the assets that we understood that in a scenario of deleveraging we could disinvest from, we saw the equation value and the impact on the Company, and of course, we were not able to come to a conclusion.

All of the Braskem's assets internally are for sale. It all depends on the size of the check and the pressure that they bring to the table.

Braskem does have a commitment with all of our shareholders and we are going to do will be best for all of them. Now, if we receive an amount that we will think that is lower than the check that has been put on the table. As a natural part of the business, of course, we will assess this.

Now on the other hand, if this doesn't happen, there is no request from anybody to sell assets at present. We are supporting the process that we are thinking of a stake in Braskem and not selling off parts of Braskem. As you think this is the way that we are thinking, and this is the guidance that we have followed simply to complement this well this discussion is being held with the shareholders at Braskem.

We continue to seek for all possible business opportunities to create value, to continue to manage our company; this is the greatest value.

**Barbara Halberstadt:**

That is very clear. And I have a last question a follow-up, perhaps on the appropriate level of debt. Obviously, the present day cycle will change going forward. Which would be the appropriate debt level if you could remark on this?

**Pedro Freitas:**

We're comfortable, Barbara. Obviously, the decision is up to the rating agencies, not ours. But if you look at our metrics, even if we put some discount on our EBITDA thinking of an average of 5x, a different EBITDA, our metrics today are absolutely comfortable.

And, we believe that investment grade, when we look at the numbers, we are already at a much better level than many investment grade companies. So, we are convinced that this should be recognized by rating agencies.

We have a frequent dialogue with them in this regard, but in the end it's their decision. So, we look at the numbers and the facts, we even look at slightly different EBITDA scenarios. As we were able to reduce the level of gross debt and net debt, even with lower debt, we would be comfortably within the agencies' metrics, even paying dividends.

**Operator:**

We are bringing to an end our Q&A session. I would like to give the floor back to the Company for their final comments.

**Roberto Simões:**



I would like to thank all the participants for taking part on our earnings results call. I would like to close our presentation with some considerations.

First, from the point of view of results, we had another very strong quarter in all regions, driven not only by our spread dynamics in the international market, which was very positive, but also by the focus of Braskem teams on delivering these results.

And secondly, we continue with our trajectory to return to being investment grade. I would like to reinforce here that we have had significant deliveries that were presented this afternoon with the reduction of our gross debt, representing US\$1.7 billion until the end of June, and recording the lowest leveraging of the Braskem history of 1.1x.

In the last 12 months, the Company leverage was reduced in 6x. All this while maintaining a very robust cash position and with a very long debt profile, which was even well discussed during the question and answer session.

Additionally, with regard to our ESG commitments, we have made some very important advances, both in Governance and with the transformation of the Board's Compliance Committee into the Compliance and Statutory Audit Committee, which is something seen in a very positive way by the market, which will be including five independent members.

Finally, we are confident that these results and cash generation in the coming quarters, as everything indicates that the international petrochemical scenario will continue at a healthy level.

In this scenario, I would like to reinforce our ongoing commitment to the pursuit of productivity and competitiveness in all our operations and the cash generation of our business, which create value for all our shareholders.

So I would like to thank you all again. See you soon, in November, when we will release the 3Q21 results. Thank you very much.

**Operator:**

The Braskem conference call ends here. We would like to thank all of you for your participation. Have a good afternoon.

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